

1997-98 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Joint Committee on
Finance
(JC-Fi)

Sample:

- Record of Comm. Proceedings
- 97hrAC-EdR_RCP_pt01a
- 97hrAC-EdR_RCP_pt01b
- 97hrAC-EdR_RCP_pt02

- Appointments ... Appt
-
- Clearinghouse Rules ... CRule
-
- Committee Hearings ... CH
-
- Committee Reports ... CR
-
- Executive Sessions ... ES
-
- Hearing Records ... HR
-
- Miscellaneous ... Misc
- 97hr_JC-Fi_Misc_pt06v_DPR
-
- Record of Comm. Proceedings ... RCP
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Joint Finance

16.515/16.505

14 Day Passive
Reviews

7/25/97 —

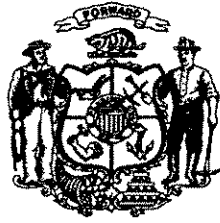
12/4/97

Revenue
7/25/97

THE STATE OF WISCONSIN

SENATE CHAIR
BRIAN BURKE

Room LL 1 MLK
P.O. Box 7882
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ASSEMBLY CHAIR
SCOTT JENSEN

315-N Capitol
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JOINT COMMITTEE ON FINANCE

July 25, 1997

Secretary Mark Bugher
Department of Administration
101 East Wilson Street, 10th Floor
Madison, Wisconsin 53705

Dear Secretary Bugher:

We are writing to inform you that the Joint Committee on Finance has reviewed your request, dated July 7, 1997, pursuant to s. 16.515/16.505(2), Stats., pertaining to a request from the Department of Revenue.

No objections have been raised concerning this request. Accordingly, the request is approved.

Sincerely,

Handwritten signature of Brian Burke in black ink.

BRIAN BURKE
Senate Chair

Handwritten signature of Scott Jensen in black ink.

SCOTT JENSEN
Assembly Chair

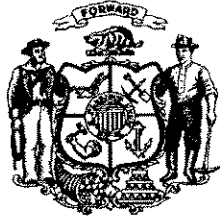
BB/SJ/jc

cc: Secretary Cate Zeuske, Department of Revenue
Jay Huemmer, Department of Administration
Bob Lang, Legislative Fiscal Bureau

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JOINT COMMITTEE ON FINANCE

To: Members
Joint Committee on Finance

From: Senator Brian Burke
Representative Scott Jensen
Co-Chairs, Joint Committee on Finance

Date: July 8, 1997

Re: s. 16.515/16.505(2), Stats., Request

Attached is a copy of a request from the Department of Administration, dated July 7, 1997, pursuant to s. 16.515/16.505(2), Stats., pertaining to a request from the Department of Revenue.

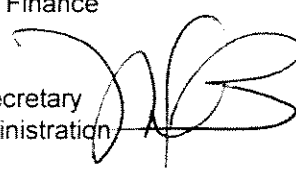
Please review these items and notify **Senator Burke's or Representative Jensen's** office no later than **Friday, July 25, 1997**, if you have any concerns about the request or would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

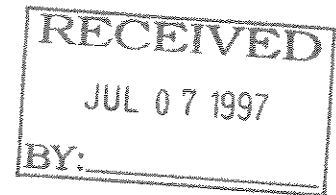
BB/SJ/jt

CORRESPONDENCE MEMORANDUMSTATE OF WISCONSIN
Department of Administration

Date: July 7, 1997

To: The Honorable Brian Burke, Co-Chair
Joint Committee on FinanceThe Honorable Scott Jensen, Co-Chair
Joint Committee on FinanceFrom: Mark D. Bugher, Secretary
Department of Administration

Subject: S. 16.515/16.505(2) Requests



Enclosed are requests which have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>1997-98</u>		<u>1998-99</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DOR 20.566(1)(ha)	Liquor Tax Administration	\$38,000	0	\$28,400	0

As provided in s. 16.515, this request will be approved on July 28, 1997, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about this request.

Please contact Jay Huemmer at 266-1072, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.


Attachments

CORRESPONDENCE/MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: June 26, 1997

To: Mark D. Bugher, Secretary
Department of Administration

From: Paul Ziegler, Policy and Budget Analyst
State Budget Office 

Subject: Request under s.16.515 from the Department of Revenue for increased expenditure authority for the administration of the liquor tax

Request

The Department of Revenue (DOR) requests under s.16.515 additional expenditure authority for s.20.566(1)(ha) Administration of Liquor Tax to automate liquor tax collection activity.

Revenue Source for Appropriation

The source of revenue for the s.20.566(1)(ha) Administration of Liquor Tax appropriation is the 3 cent per gallon administrative fee collected with and in addition to the state's liquor taxes.

Background

DOR is requesting additional expenditure authority to allow the conversion of a vacant auditor position to a management information specialist. The department is further requesting funding for computer equipment and computer costs that will be incurred by the MIS position as automation efforts proceed. The request is for \$30,500 of additional expenditure authority in FY97 -- with requested ongoing funding falling to \$29,100 in FY98 and \$28,400 in FY99.

The table below presents the request by fiscal year and function:

	FY97	FY98	FY99
Permanent Salaries		5,500	5,500
Fringe Benefits		2,000	2,000
Infotech - Program Development	3,000	12,000	12,000
CPU Time and Mainframe Storage	1,500	6,000	6,000
Programmer Supplies & Services	3,700	2,900	2,900
Computer Equipment & Software	21,600		
Printing & Postage	700	700	
TOTAL	30,500	29,100	28,400

The computer equipment includes funding for two personal computers -- one for the position to be converted to an MIS and the other for the appropriation's office auditor. Programmer supplies and services include PC support, miscellaneous PC supplies, and training. Printing and postage costs will be incurred when the department informs taxpayers of changes in how to remit liquor tax returns and tax payments to the state.

Analysis

The 1995-97 budget bill reduced the number of positions authorized for the liquor tax administration appropriation from 6.00 FTE to the current level of 2.75 FTE (composed of a 0.75 FTE program assistant and two auditor positions). As a result, administrative costs for the liquor tax have fallen (from an FY95 adjusted base of \$269,400 to an FY97 adjusted base of \$142,800). This position reduction was requested by the department and was consistent with its intent to:

- 1) focus on office rather than field audits, and
- 2) implement automation of liquor tax processing and audit functions.

This s.16.515 request has been made to fulfill the second portion of these goals.

There is a significant need to automate. There currently is no ability to receive electronic funds transfers or electronic returns. Assessments and refunds are processed manually. While effective office audit requires the comparison of information from out-of-state liquor shippers to that from Wisconsin liquor wholesalers, no automated cross-check of this data exists. Furthermore, in the Department of Administration's 1996 review of DOR's accounts receivable, it was noted that only manual tracking and filing exists for those returns requiring additional attention. No electronic listing or summary records exist to prevent the loss or misfiling of a return.

The programmer that the department intends to hire through this request will correct many of these shortcomings. The position will allow the department to:

1. Improve service to taxpayers by giving employees on-line access to taxpayer information.
2. Enact electronic reporting to improve accuracy of data capture from tax returns.
3. Integrate liquor tax systems with other tax databases -- including completion of the changes necessary to the liquor tax programs to allow integration with the business tax registration system.
4. Conduct automated cross-checking of returns.
5. Introduce electronic funds transfer (EFT) for liquor tax collections -- allowing tax revenues to be received sooner and thereby increasing state interest earnings.

Modifications

While the department requested additional expenditure authority beginning in FY97, no compelling emergency existed to demand action in FY97. Rather than provide the Joint Committee of Finance with insufficient time to review a request beginning in FY97, the request should be modified to begin in FY98. Consequently, the funding for computer equipment and software should be provided in FY98. Other FY97 amounts should be denied.

Furthermore, since it will require some time to fill the position, no additional salary and fringe funding should be necessary in FY98. Turnover savings from July 1 to the date that the position is filled should be sufficient during FY98 to fund the programmer position. The FY98 computer charges (for both program development and CPU-time and storage) may also be eliminated for the first quarter of the fiscal year.

Finally, the printing and postage amount for FY98 may also be eliminated since the date by which taxpayers will need to be informed of changes to remittance instructions is uncertain. If necessary, the department may reallocate resources for these modest costs.

These modifications reduce the request to the following amounts:

	FY98	FY99
Permanent Salaries	0	5,500
Fringe Benefits	0	2,000
Infotech - Program Development	9,000	12,000
CPU Time and Mainframe Storage	4,500	6,000
Programmer Supplies & Services	2,900	2,900
Computer Equipment & Software	21,600	0
Printing & Postage	0	0
TOTAL	38,000	28,400

Fiscal Effect

Since the liquor tax administration appropriation specifies that all year-end cash balances in excess of 10% of the fiscal year's expenditures and encumbrances shall lapse to the general fund, expenditure increases in this appropriation will reduce GPR-earned. The request, as modified above, will reduce GPR-earned by \$41,800 in FY98, and \$27,400 in FY99.

These losses will be partially offset, however, by increased interest earnings due to earlier deposit of tax receipts when EFT is implemented. DOR estimates that EFT will increase interest earnings by \$12,000 annually. DOR further expects a minor increase in tax collections as a result of automation of audit functions.

Recommendation

Approve the request as modified. Provide \$38,000 in FY98 and \$28,400 in FY99 and beyond. Even with these increases, liquor tax administration costs will still be substantially lower than expenses prior to the position reductions offered by the department in the 1995-97 budget.



State of Wisconsin • DEPARTMENT OF REVENUE

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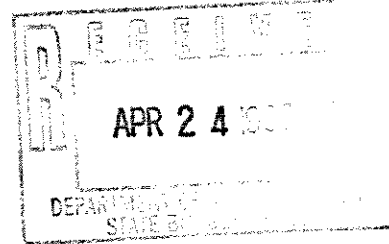
CC SK
MD

Tommy G. Thompson
Governor

Cate S. Zeuske
Secretary of Revenue

MEMORANDUM

April 21, 1997



TO: Richard G. Chandler
State Budget Director

FROM: Cate S. Zeuske
Secretary of Revenue *Cate Zeuske*

SUBJECT: Section 16.515 Request for Additional Expenditure Authority in s. 20.566(1)(ha) -
Administration of Liquor Tax

The Department of Revenue (DOR) is requesting an increase of \$30,500 in expenditure authority in fiscal year 1996-97 under s. 16.515 for the Administration of Liquor Tax appropriation, s. 20.566(1)(ha). \$29,100 is also requested in fiscal year 1997-98 and \$28,400 in fiscal year 1998-99 for ongoing funding.

Background

The administration of Wisconsin's liquor tax has undergone several major changes in the last decade. Prior to July 1, 1986, Wisconsin wholesalers and out-of-state shippers purchased tax stamps from the department and affixed these to each bottle of distilled spirits. These stamps were evidence that the liquor tax had been paid. The law required that all distilled spirit bottles have a stamp affixed before they were shipped into Wisconsin, or they were subject to seizure. Enforcement was as easy as visually checking for the stamp. Industry did not like the stamp because it required that they have cash flow tied up in stamps, and stamps were costly to affix. If companies did not keep significant stamp inventories, they risked not having the stamps on hand at time of heavy liquor demand.

Legislation effective July 1, 1986, eliminated liquor tax stamps and established a quarterly voucher system for estimating and paying the tax on distilled spirits sold into the state (1985 Wisconsin Act 120). The law change also imposed a 3¢ per gallon administrative fee on distilled spirits to fund the increase in costs (audit and computer) to administer and enforce liquor laws due to the elimination of the liquor tax stamps.

The elimination of the tax stamp shifted the focus of compliance to reporting by the liquor industry. Any company that ships liquor into the state is required to report those shipments to the department. Wisconsin companies that receive the liquor must also report to the department. By reconciling the reports of the shippers and receivers, the department knows what liquor is being added to the inventories of Wisconsin companies.

The quarterly voucher system proved to be difficult to administer for both the department and taxpayers. Effective October 1, 1991, it was eliminated and taxpayers were required to compute and remit the liquor tax on monthly reports (1991 Wisconsin Act 39).

Today, the Wisconsin liquor tax universe is composed of 431 taxpayers who file monthly reports with the department on which they compute and pay the tax on distilled spirits and wine, and the related administrative fee. For the 1994-95 fiscal year, the distilled spirit tax collections totaled \$28,696,000 and the administrative fee collections totaled \$265,000 (Attachment 1). Of the 431 taxpayers, 62 are Wisconsin businesses and 369 are out-of-state businesses. Businesses must obtain a separate permit for each business location; however, only one combined monthly report needs to be filed.

Of the 431 liquor taxpayers, about 135 handle distilled spirits (Attachments 2 and 3), which are subject to the 3¢ per gallon administrative fee. The remaining taxpayers handle only wine. Many of the taxpayers who sell distilled spirits also sell wine. For this reason, the liquor tax computer system processes both wine and distilled spirits transactions.

Each Wisconsin company maintains two inventories: untaxed and tax paid. All liquor received through U.S. customs initially goes into untaxed inventory, and can be put into tax paid inventory by reporting this movement to the department and paying the tax. All purchases from out-of-state shippers are tax paid, and go into tax paid inventory. All sales in Wisconsin must come from tax paid inventory. This inventory reporting scheme permits the liquor industry to conduct business without tying up cash flow in tax stamps.

In 1986, the department developed computer programs for processing and office auditing the monthly liquor reports. The law change in 1991 required a substantial rewrite of the original liquor programs developed in 1986. Many of the required revisions, plus desired enhancements, were not completed because the programmer's time had expired and funds were not available for further programming.

Problem Definition

Section 20.566(1)(ha), Administration of Liquor Tax, is a program revenue appropriation established to pay for costs incurred in administering the liquor tax laws and funded by the 3¢ per gallon fee. Specifically, the law states that funds in this appropriation are for audit and computer costs incurred in administering the liquor tax. Therefore, the funds in this appropriation should be used to automate the compliance and audit functions to ensure that all liquor revenues are collected.

In January, 1996, the Department of Administration (DOA) State Controller's Office issued a report on the department's accounts receivable systems. DOA found that the record of amounts owed the department as a result of audits of excise tax returns is an unsecured open file of form E-401's (notice of amount due). No listing or summary records are available for these notices. Loss or misfiling of a return can result in no action being taken to collect amounts owed.

DOA recommends corrective action to "improve controls over the E-401 (notice of amount due) forms and the procedure for monitoring outstanding excise tax returns." We need to complete the liquor tax programs in order to comply with this recommendation.

Other problems with our current liquor tax programs are:

- Lack of on-line access to data and the ability to share data with field audit staff. This results in delayed assessments and inefficient taxpayer service.
- Lack of an automated cross-check of the schedules of shipments into the state to verify inventory levels. Additional revenues are uncertain; however, modest revenue gains should be realized.
- Manual processes, such as preparation of assessment and refund notices. A number of small operational efficiencies could be realized with automation. Clerical and audit staff could better use the time on revenue producing activities.
- No integration with other systems. It is the department's goal to move toward integrated tax systems. The current systems involve duplication of registration data bases, separate systems for processing, billing, and accounts receivable.

Objectives

The objectives of this project are:

1. *Improved customer service* - This will be achieved when employees have on-line access to tax return and billing information for file maintenance and taxpayer assistance purposes.
2. *Reduce reporting burden* - Electronically filed tax returns will reduce the reporting burden on taxpayers.
3. *An integrated system with other excise taxes* - An integrated system will eliminate duplication of the taxpayer registration data base, allow consistent updating of the registration data base, use the processes already developed for bills and accounts receivable, and allow proper controls over accounts receivable.
4. *Operational efficiencies* - With an automated liquor system, many small operational efficiencies will be realized, such as automated preparation of assessment and refund notices, reduced number of paper documents stored in the office, elimination of some data keying, etc.

Also, electronically filed tax returns are more accurate. Due to increased accuracy, staff will spend less time reconciling errors that do not result in a tax adjustment. The time saved will be used to investigate substantial errors. This will also result in better cooperation with other states with the exchange of timely data.

5. *Additional revenue* - An automated cross-check between shipments into Wisconsin reported by an out-of-state shipper and the receipt of these shipments by the Wisconsin wholesaler will result in modest revenue increases, and more timely billings and collections.

Due to the operational efficiencies noted in item 4 above and an automated cross-check, the department's estimates additional revenue of \$1,200 per year. This is one additional adjustment per month at an average collection amount of \$100 per adjustment.

6. *Interest Income* - Electronic payment of the liquor tax will result in earlier deposits of tax dollars which will result in additional interest of \$12,000 per year (Attachment 2).
7. *Compliance* - Due to the limited field audit staff (1.00 FTE), it is extremely important to have a comprehensive automated check to verify inventory levels. Timely adjustments for reconciliation errors should result in better compliance by the industry and better cooperation with other states with the exchange of data.

There were three alternatives considered for the processing and auditing of the liquor tax:

Complete the current liquor tax PC application, and make desired enhancements.

This alternative will complete those functions not done in 1991. This includes on-line access to all data, the processing of assessment and refunds, statistical and management reporting, and data sharing for accounts referred to field audit. A full list of these functions are identified in Attachment 4-1.

Additionally, this alternative seeks to expand the scope of the automation to include a cross-check program which utilizes data collected electronically from taxpayers. Electronic data collection will reduce the amount of paper filings, improve accuracy of data, and reduce the reporting burden on taxpayers. In combination with a new liquor tax cross-check system, the results will be prompt, complete, and correct office audits leading to reduced tax evasion; higher revenue collection; and, better cooperative efforts between surrounding states in the liquor tax area.

The electronic data collection will have to be studied to determine which method will be best for the liquor industry and the department. Options include mailing in computer disks, the use of electronic bulletin board, the use of a touch tone phone, the scanning of the filed reports, or some other method to be determined. The estimated costs of these options are identified in Attachment 5.

Another enhancement of the liquor tax program will be the receipt of tax payments via electronic funds transfer (EFT). The department is already receiving EFT payments for other taxes and the current system can be expanded to include liquor tax payments. Taxpayers already using EFT for other taxes have unequivocally expressed their support for this payment method. The state will gain from the elimination of the float from the time the taxpayer mails a check to the time the check is deposited in an interest bearing account. The potential dollar amount of the gain is examined in Attachment 6. If all taxpayers used this easy payment method, the gain could exceed \$1,000 per month.

The time estimates to complete the 1991 rewrite and develop the enhancements total 3,472 hours (Attachment 4-1). A full-time programmer is being requested in order to maintain the liquor tax program on an ongoing basis and pursue various enhancements. A permanent liquor tax position is being reallocated to an analyst/programmer position, at an additional cost of \$7,500 annually. The cost of supplies and services for this position are identified in Attachment 7.

The automation of these tax administration functions requires additional computer equipment. The necessary personal computer equipment and related costs are identified in Attachment 8.

Develop a mainframe application using existing Motor Fuel Tax Programs

This alternative would include those functions, both completed and uncompleted of the 1991 program, as a mainframe application. This would include on-line access to all data, the processing of assessments and refunds, statistical and management reporting, and data sharing for accounts referred to field audit. The plan is to take the currently motor vehicle fuel tax mainframe program and adapt it for liquor tax. These applications are listed Attachment 4-2. The timeframe for implementing a mainframe program has been estimated to be approximately the same as for upgrading the current PC program.

This alternative will also seek to expand the scope of the automation to include a cross-check program which utilizes data collected electronically from taxpayers. Electronic data collection will reduce the amount of paper filings, improve accuracy of data, and reduce the reporting burden on taxpayers. In combination with a new liquor tax cross-check system, the results will be prompt, complete and correct office audits leading to reduced tax evasion, higher revenue collection and, better cooperative efforts between surrounding states in the liquor tax area.

The electronic data collection will have to be studied to determine which method will be best for the liquor industry and the department. Options include mailing in computer disks, the use of electronic bulletin board, the use of a touch tone phone, the scanning of the filed reports, or some other method to be determined. The estimated costs of these options is identified in Attachment 5.

Another enhancement of the liquor tax program will be the receipt of tax payments via electronic funds transfer (EFT). The department is already receiving EFT payments for other taxes and the current system can be expanded to include liquor tax payments. Taxpayers already using EFT for other taxes have unequivocally expressed their support for this payment method. The state will gain from the elimination of the float from the time the taxpayer mails a check to the time the check is deposited in an interest bearing account. The potential dollar amount of the gain is examined in Attachment 6. If all taxpayers used this easy payment method, the gain could exceed \$1,000 per month.

By integrating the liquor tax program into the new motor fuel tax mainframe system, several of the applications of that system can be expanded and modified for liquor tax. Eventually, an integrated system will eliminate duplication of the taxpayer registration data base, allow consistent updating of the registration data base, and allow proper controls over accounts receivable.

The time estimates to complete a mainframe application for liquor tax totals 3,500 hours (see attachment 4-2). A full-time programmer is being requested in order to maintain the liquor tax program on an ongoing basis and pursue various enhancements. A permanent liquor tax position is being reallocated to an analyst/programmer position, at an additional cost of \$7,500 annually. The cost of supplies and services for this position are identified in Attachment 7.

The automation of these tax administration functions requires computer equipment. The necessary PC equipment and its cost is shown in Attachment 8.

Continue current personal computer/manual program

This alternative continues the current program which is unable to access account information on-line for inquiry or file maintenance purposes. It processes assessments and refunds manually, has no automated cross-check program, and does not allow taxpayers to utilize automation in paying tax and filing reports. This alternative will not meet any of the department's objectives.

Recommended Alternative

Alternative 2 (*Develop a mainframe application using existing Motor Fuel Tax Programs*) meets all of the objectives set forth, is consistent with the Department's visions and goals, and can be completed in a timely manner at a reasonable cost. This alternative has the additional advantage of moving toward an integrated excise tax system. By placing the liquor tax program on a mainframe application by adapting the motor vehicle fuel tax program, an excise tax mainframe program will be in place which will be able to be adapted to other excise tax areas and programs.

Also, it will be necessary to inform liquor accounts about changes to reporting and payment requirements that affect them. The additional costs for printing and postage are indicated on Attachment 9.

Summary of Request

The Department is requesting the following expenditure authority for the Liquor Tax appropriation:

	<u>FY 1996-97</u>	<u>FY 1997-98</u>	<u>FY 1998-99</u>
Permanent Salaries		\$5,500	\$5,500
Fringe Benefits		2,000	2,000
Supplies & Services			
-Programmer Related	\$8,200	20,900	20,900
-Computer Equipment	4,300		
-Printing & Postage	700	700	
Permanent Property			
-Computer Equipment	<u>17,300</u>	_____	_____
Total Request	\$30,500	\$29,100	\$28,400

Revenue Source for Appropriation

The source of revenue deposited in the appropriation under s. 20.566(1)(ha), Liquor Tax Administration, is the administrative fee of 3 cents per gallon on intoxicating liquor taxes at the rates under s. 139.03(2m).

Appropriation Balance Analysis

The appropriation balance analysis presented below is extended through fiscal year 1998-99 with revenue and expenditure estimates as reflected in this request.

	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>
Beginning Balance	\$10,700	\$17,300	\$17,400
Projected Revenue	264,900	266,100	266,100
Projected Expenditures	(173,300)	(174,100)	(171,800)
Compensation Reserves		(2,300)	(4,700)
Statutory Lapse	(85,000)	(89,600)	(89,800)
Ending Balance	\$17,300	\$17,400	\$17,200

The General Fund would have an increase of \$12,000 annually in interest income due to the earlier deposit of tax dollars due to electronic payment.

ATTACHMENT #1

Administration of Liquor Tax Program

Summary of Liquor Collections

<u>Year Ended</u>	<u>Liquor Tax Collected*</u>	<u>Administrative Fee Collected</u>
6/95	\$28,696,000	\$265,000
6/94	\$28,222,000	\$265,000
6/93	\$29,204,000	\$310,000
6/92	\$28,473,000	\$244,000
6/91	\$27,912,000	\$264,000
6/90	\$27,367,000	\$278,000
6/89	\$26,988,000	\$268,000

*These figures include the administrative fee.

ATTACHMENT #2

Administration of Liquor Tax Program

Summary of Out-of-State Shippers and Average Number of Liters

			Number of Out-of-State Shippers		
			<u>Spirits</u>	<u>Wine/U</u>	<u>Wine/O</u>
	0	- 100	23	67	40
	100	- 500	14	91	22
Average	500	- 1,000	8	47	2
Number	1,000	- 2,500	8	34	4
of Liters	2,500	- 5,000	4	20	1
Reported	5,000	- 10,000	3	7	4
Monthly	10,000	- 20,000	3	4	0
	20,000	- 50,000	5	6	2
	50,000	- 100,000	4	2	1
	100,000	- 200,000	3	0	0
	200,000	- OVER	6	3	0
TOTAL			81		

Wine/U	-	Wine Under	-	wine containing 14% or less of alcohol by volume
Wine/O	-	Wine Over	-	wine containing more than 14% of alcohol by volume but not in excess of 21% of alcohol by volume

ATTACHMENT #3

Administration of Liquor Tax Program

Summary of Wisconsin Wholesalers and Average Number of Liters

			Number of Wisconsin Wholesalers		
			<u>Spirits</u>	<u>Wine/U</u>	<u>Wine/O</u>
	Zero		39		
	1 - 100		2	0	2
	100 - 500		1	3	1
Average	500 - 1,000		2	4	1
Number	1,000 - 2,500		4	3	1
of Liters	2,500 - 5,000		1	2	2
Reported	5,000 - 10,000		0	5	2
Monthly	10,000 - 20,000		2	2	0
	20,000 - 50,000		2	2	0
	50,000 - 100,000		1	1	0
	100,000 - 200,000		0	0	0
	200,000 - OVER		0	0	0
TOTAL			54		

Wine/U	-	Wine Under	-	wine containing 14% or less of alcohol by volume
Wine/O	-	Wine Over	-	wine containing more than 14% of alcohol by volume but not in excess of 21% of alcohol by volume

ATTACHMENT #4-1

Administration of Liquor Tax Program

ESTIMATES OF TIME REQUIRED TO DEVELOP PC APPLICATION

Application Function

Hours

Complete the 1991 rewrite of the Liquor Tax Information System

1. On-line access to monthly report and master file data	64	
2. On-line access to permanent file	110	
2. Processing of assessments	240	
3. Processing of refunds	160	
4. File Maintenance and reconciliation of security	140	
5. Data exchange for field audit (print and electronic)	90	
6. Statistical and Management Reports	300	
7. Other utilities including table maintenance and backup	140	
8. Documentation	200	
Total to complete the 1991 rewrite		1444

Develop enhancements to the Liquor Tax Information system

1. Electronic Funds Transfer (EFT) Interface for electronic payments	48	
2. Electronic Data Collection (EDC) plan	400	
3. Support for taxpayers during EDC test phase	240	
4. Application for taxpayer data entry	340	
5. EDC interface to cross-check program	60	
6. Cross-check of schedules application	360	
7. Interface the PC registration system (already completed) to the mainframe Compliance Bureau registration system	260	
8. Documentation of all enhancements	320	
Total to complete the enhancements		2028

TOTAL HOURS FOR PC APPLICATIONS DEVELOPMENT	3472
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ATTACHMENT #4-2

Administration of Liquor Tax Program

ESTIMATES OF TIME REQUIRED TO DEVELOP MAINFRAME COMPUTER APPLICATION

<u>Application Function</u>	<u>Hours</u>
Development of the Liquor Tax Information System	
1. Expand registration functions	450
2. Expand payment processing functions	150
3. Expand reports processing functions	900
4. Expand bill and refund functions	150
5. Electronic Funds Transfer (EFT) Interface for electronic payments.	50
Total to complete	1700
Develop enhancements to the Liquor Tax Information system	
1. Data exchange for field audit (print and electronic)	100
2. Electronic Data Collection (EDC) plan	400
3. Support for taxpayers during EDC test phase	240
4. Application for taxpayer data entry	340
5. EDC interface to cross-check program	60
6. Cross-check of schedules application	360
7. Statistical and Management Reports	300
Total to complete the enhancements	1800
TOTAL HOURS FOR MAINFRAME APPLICATIONS DEVELOPMENT	3500

ATTACHMENT #5

Administration of Liquor Tax Program

Estimated Cost For Electronic Data Collection

Mailing In Of Computer Disks	\$ 2,000.00 to \$5,000.00
Electronic Bulletin Board	\$7,000.00 to \$12,000.00
Touch Tone Phone	\$15,000.00 to \$25,000.00
Scanning Of Filed Reports (For comparison cost only)	\$50,000.00 to \$90,000.00

ATTACHMENT #6

Administration of Liquor Tax Program

FLOAT ANALYSIS

All taxpayers:

\$2.3 million per month

	3% interest	3.75% interest	4.5% interest
1 day float	\$ 193.00	\$ 241.50	\$ 289.50
3 days float	\$ 579.50	\$ 724.50	\$ 868.50
5 days float	\$ 965.00	\$ 1,207.50	\$ 1,447.50

ATTACHMENT 7

Programmer Supplies & Services Costs

	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>
Supplies & Services			
Training	\$500	\$1,000	\$1,000
In-State Travel	100	300	300
Telephone	100	300	300
Office Supplies	100	100	100
Partitions	2,500	0	0
PC & Misc. Supplies	100	200	200
PC Support	300	1,000	1,000
DP Contractual Services			
for Program Development	3,000	12,000	12,000
CPU Time & Mainframe			
Storage Costs	<u>1,500</u>	<u>6,000</u>	<u>6,000</u>
Total Supplies & Services	\$8,200	\$20,900	\$20,900

ATTACHMENT 8

FY 1996-97 PC Equipment

Quantity/Cost	Description	Minor Equipment	Permanet Property
2 @ \$6,149	IBM PC Pentium Desktop		\$12,300
4 @ \$250	Wiring & Data Jack Connections	\$1,000	
1 @ \$5,000	Microfocus Cobol		\$5,000
2 @ \$536	Printer Interface & Cable	\$1,100	
1 @ \$1,577	HP Laserjet 4+	\$1,600	
1 @ \$594	Epson 1170 Dot Matrix Printer	\$600	
	Total	\$4,300	\$17,300
		Grand Total	\$21,600

ATTACHMENT #9

Administration of Liquor Tax Program

Mailing And Postage Cost

General Mailings:

Printing	\$100.00
Postage	\$600.00

EFT Mailings:

Printing and Postage	\$700.00
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